

## EDITORIAL

The current issue of “Organizations and Markets in Emerging Economies” completes the third year of successful publishing, resulting in six issues of the journal. The editorial board believes that during these years the journal has established itself as an acknowledged discussion platform for a variety of economic and managerial topics, covering research aspects important for numerous emerging economies. For the reader who is interested in specific topics that usually remain of marginal interest for broad-scope international business journals, which provide evidence from well-developed states, our journal continues to be the promising source of niche knowledge and insights. Besides, the journal aims to maintain a balance between theoretical papers and empirical studies. The authors publishing in OMEE analyze the peculiarities of emerging economies that clearly point to the limitations of applying the current managerial and/or economic theories underlying the analysis of the same aspects in well-developed states.

The current issue of the journal starts with an invited paper by Jaqueline Pels and Thomas Kidd, who contribute to this issue by analyzing the applicability of the methods of market based approaches developed in High Income Countries to the Emerging Markets that have considerable overlaps with Low Income Sector. Their article „Characterizing Emerging Markets“ adopts and adapts the market environment theory classification, and summarizes the published and documented characteristics of Emerging Markets and Low Income Sector. The authors emphasize that the analysis and classification of emerging markets might be very difficult by itself, since the term „Emerging markets (economies)“ encompasses a variety of countries with some essential commonalities along with rather large and various differences. Also, buyers and consumers within a particular emerging country might be significantly more segregated into different segments, there might be more layers of consumers with different behaviors due to higher income inequality. The paper demonstrates that market externalities that are usually classified for the analysis of developed markets should be supplemented with at least several variables (culture system rather than culture, socio-political governance rather than political environment, socio-economic system rather than economic environment, regulatory rather than legal system, physical infrastructure).

The paper by Bruno Grancelli offers the reader a remarkable insight into the development of Soviet organizational structures towards current Russian organizational structures. Russia has undergone substantial changes from Soviet centrally managed factory regime to current privately and publicly owned companies that are managed using a mixture of Western-borrowed and internally derived managerial approaches shaped by historical and cultural peculiarities of Russia. The author highlights the ne-

cessity to bridge the micro-macro gap of Russian companies' management analysis, and demonstrates attempts to do that. He also questions a strongly established belief that organizational changes only proceed from top to down and from the outside to the inside. Although the author himself admits that his analytical look through an Italian lens might have constraints, an outsider view is always useful in adding different perspectives and understanding while searching for the scientific truth.

Researchers Hsiu-Yuan Tsao, Lucy M. Matthews and Victoria L. Crittenden continue the list of theoretical papers of this issue. They have developed a decision-calculus model which demonstrates how to balance market share growth and profitability. The major value of the article derives from the demonstration that exceeding optimal advertising spending for customer retention does not increase customer equity. Thus, retention pay-back has diminishing growth, and certain part of the advertising budget has to be allocated for customer acquisition, if market share growth is expected. The authors provide clear guidelines how to optimize the advertising budget when the company has multiple goals of customer acquisition and retention, using empirical data with shampoo category.

Three subsequent papers follow the tradition to present particular managerial or economic issues in selected emerging countries.

Russia continuously attracts our attention as being one of the biggest and the most specific world's emerging market. Energy sector, as one of the core industries in Russia, can be characterized by high entry barriers, clustered ownership, specific management, and high interest of regulatory authorities. Nevertheless, the sector attracts a lot of interest from foreign investors. This issue is covered in the article by Andrei Panibratov and Aleksandr Abramkov. Four case studies of global MNEs entering power generation and supply sector in Russia via international joint ventures are presented in the article. The same time span of the investigation and different geographical regions taken for the analysis allow both comparability across the cases, and identification of distinguishing features in particular situations. Advantages of international joint ventures while entering foreign markets are repetitively confirmed in these cases.

It is the first time when OMEE has an opportunity to present managerial and economic issues related to Turkish and Ukrainian markets.

The research in Turkey was carried out by scholars Hilal Ozen and Nil Kodaz. Their aim was to identify whether utilitarian or hedonic drivers dominate in online shopping. The study is especially valuable because it presents comparative data of Turkish consumers against the US online-shoppers, thus extending the discussion and span of applied knowledge how marketing strategies used in well-developed countries should be adapted for the particular emerging state.

Scholars Ari Kokko and Victoria Kravtsova provide interesting evidence on FDI effects on changes in the technology as well as the efficiency of domestic firms in the Ukrainian market. The authors clearly demonstrate how differences in regional devel-

opment within the same country result in different abilities of local firms and regional economies to benefit from FDI. Western Ukraine was demonstrated to benefit more from technological and other knowledge spillover effects, as a result of FDI, whereas pro-Russian Eastern Ukraine was experiencing nil or negative spillover effects. The results confirm common knowledge that market regulatory and political authorities and institutions make a significant impact on the effectiveness of international business.

All in all, the current issue continues the tradition of OMEE to present new empirical evidence and theoretical contributions on a variety of disciplines and regions within the framework of emerging markets. The editorial board hopes that in a long run accumulated knowledge on emerging economies will put a background for the formation of the theories adapted for the emerging economies, thus making significant scientific contribution within the scope of our journal.

Assoc. prof. dr. **Indrė Pikturnienė**

*Editor of Organizations and Markets in Emerging Economies*